

**İŞ YATIRIM MENKUL
DEĞERLER ANONİM ŞİRKETİ
AND ITS SUBSIDIARIES**

**Condensed Consolidated Interim Financial Statements
As at and for the Six-Month Period That
Ended 30 June 2020
With Independent Auditors' Review Report**

(Convenience translation of independent auditors' report on review
of condensed consolidated interim financial information and
related disclosures and footnotes originally issued in Turkish)

05 August 2020

This report contains 1 pages of independent auditors' review report and 41 pages of condensed consolidated interim financial statements and notes to the consolidated financial statements.

**İŞ YATIRIM MENKUL
DEĞERLER ANONİM ŞİRKETİ
AND ITS SUBSIDIARIES**

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Building a better
working world

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**(Convenience translation of a report and condensed consolidated financial statements
originally issued in Turkish)**

Report on Review of Interim Condensed consolidated Financial Statements

To the Board of Directors of İş Yatırım Menkul Değerler A.Ş.

Introduction

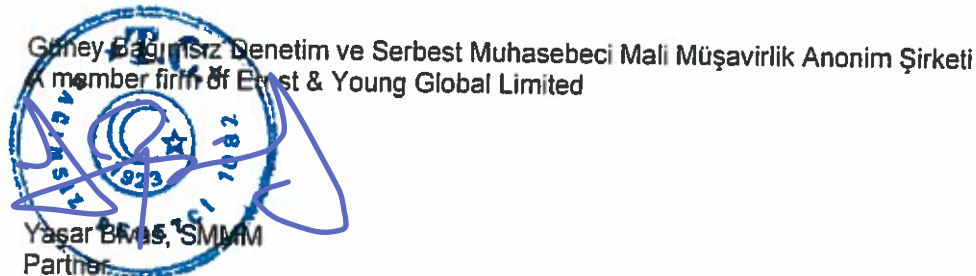
We have reviewed the accompanying interim condensed consolidated statement of financial position of İş Yatırım Menkul Değerler A.Ş. (the Company) and its subsidiaries (the Group) as of June 30, 2020 and the interim condensed consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement cash flows for the six-month period then ended, and explanatory notes. Group management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with Turkish Accounting Standard 34, Interim Financial Reporting (TAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an audit conducted in accordance with Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with TAS 34.



August 05, 2020
İstanbul, Türkiye

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İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

		Reviewed Current Period	Audited Prior Period
		30 June 2020	31 December 2019
	Notes		
ASSETS			
Current Assets			
Cash and Cash Equivalents	6	270.680.447	1.560.252.886
Financial Investments	7	1.451.936.268	1.341.726.478
Trade Receivables	9	4.428.504.934	3.139.055.148
<i>Due From Related Parties</i>	5	17.287.906	18.793.538
<i>Due From Third Parties</i>		4.411.217.028	3.120.261.610
Other Receivables		181.032.482	105.450.164
<i>Due From Related Parties</i>	5	40.161.588	23.321.183
<i>Due From Third Parties</i>		140.870.894	82.128.981
Derivative Instruments		56.727.869	26.629.080
Inventories		64.494.187	65.629.425
Prepaid Expenses		14.751.523	5.402.563
Current Tax Assets		180.299	450.943
Other Current Assets		17.107.626	13.714.806
<i>SUBTOTAL</i>		6.485.415.635	6.258.311.493
Assets Held For Sale		10.417.749	11.320.599
TOTAL CURRENT ASSETS		6.495.833.384	6.269.632.092
Non-current Assets			
Financial Investments	7	65.884.540	269.158.605
Other Receivables		1.125.129	1.094.747
<i>Due From Related Parties</i>	5	150	150
<i>Due From Third Parties</i>		1.124.979	1.094.597
Investments in Equity Accounted Investees	10	5.210.757	9.768.400
Right-of-use assets		39.594.870	47.940.404
Tangible Assets	12	33.381.421	36.530.459
Intangible Assets		55.932.186	58.245.577
<i>Goodwill</i>	11	38.593.847	38.593.847
<i>Other Intangible Assets</i>	13	17.338.339	19.651.730
Prepaid Expenses		744.045	1.841.906
Deferred Tax Assets		9.802.730	22.893.862
TOTAL NON-CURRENT ASSETS		211.675.678	447.473.960
TOTAL ASSETS		6.707.509.062	6.717.106.052

The accompanying notes form an integral part of these consolidated financial statements.

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

		Reviewed Current Period	Audited Prior Period
	Notes	30 June 2020	31 December 2019
LIABILITIES			
Short-Term Liabilities			
Short Term Borrowings	8	742.068.925	1.964.909.477
<i>Due to Related Parties</i>		81.702.106	82.803.832
<i>Due to Third Parties</i>		650.920.373	1.868.586.706
<i>Lease Payables to Related Parties</i>		444.222	281.399
<i>Lease Payables to Third Parties</i>		9.002.224	13.237.540
Short Term Portion of Long Term Borrowings	8	12.677.570	24.157.614
<i>Due to Related Parties</i>		3.860.920	17.101.185
<i>Due to Third Parties</i>		8.816.650	7.056.429
Other Financial Liabilities		-	14.865.116
Trade Payables	9	3.974.429.432	3.034.398.259
<i>Due to Related Parties</i>	5	9.223.340	5.465.877
<i>Due to Third Parties</i>		3.965.206.092	3.028.932.382
Payables Related to Employee Benefits		3.262.807	5.394.307
Other Payables		22.628.857	22.865.882
<i>Due to Related Parties</i>	5	658.794	954.731
<i>Due to Third Parties</i>		21.970.063	21.911.151
Derivative Instruments		164.447.697	67.435.311
Current Tax Liabilities		56.987.568	38.760.037
Short Term Provisions		32.628.032	41.300.507
<i>Provisions for Employee Benefits</i>		20.231.759	29.533.873
<i>Other Short Term Provisions</i>	14	12.396.273	11.766.634
Other Current Liabilities		24.799.052	19.164.594
TOTAL CURRENT LIABILITIES		5.033.929.940	5.233.251.104
Long-Term Liabilities			
Long Term Borrowings	8	52.449.395	66.629.927
<i>Due to Related Parties</i>		12.941.255	24.956.679
<i>Due to Third Parties</i>		8.305.966	3.271.285
<i>Lease Payables to Related Parties</i>		12.823.769	14.829.279
<i>Lease Payables to Third Parties</i>	5	18.378.405	23.572.684
Other Payables		6.028.866	-
<i>Due to Third Parties</i>		6.028.866	-
Long Term Provisions		12.927.914	13.949.382
<i>Provisions for Employee Benefits</i>		12.927.914	13.949.382
Deferred Tax Liabilities		3.744.742	1.918.063
Other Long Term Liabilities		17.173.716	8.222.163
TOTAL NON-CURRENT LIABILITIES		92.324.633	90.719.535
EQUITY			
Total Equity Attributable to Equity Holders of the Company		1.319.164.587	1.106.992.953
Paid in Capital	16	355.000.000	355.000.000
Share Premium		1.303.888	1.317.449
Other Accumulated Comprehensive Income or Loss that Will Not Be Reclassified to Profit or Loss		(6.076.063)	(7.085.607)
<i>Defined Benefit Plans Re-Measurement Gains and Losses</i>		(6.076.063)	(7.085.607)
Other Comprehensive Income and Expenses to be Reclassified to Profit or Loss		45.669.960	42.421.951
<i>Currency Translation Differences</i>		8.083.334	6.856.675
<i>Revaluation and Reclassification Gains / Losses</i>	16	37.586.626	35.565.276
Other Reserves	16	83.753.848	33.758.962
Restricted Reserves Appropriated From Profit	16	140.065.693	104.849.263
Prior Year's Profit/Loss	16	353.889.017	193.856.773
Net Profit for the Period		345.558.244	382.874.162
Non-Controlling Interests	16	262.089.902	286.142.460
TOTAL EQUITY		1.581.254.489	1.393.135.413
TOTAL LIABILITIES		6.707.509.062	6.717.106.052

The accompanying notes form an integral part of these consolidated financial statements.

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

AS AT 30 JUNE 2020

(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

		Reviewed Current Period	Not reviewed Current Period	Reviewed Prior Period	Not reviewed Prior Period
	Notes	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
STATEMENT OF PROFIT OR LOSS					
Revenue		60.946.303.109	23.229.456.126	101.900.331.096	81.968.420.907
Sales Revenue		60.506.971.984	23.013.885.879	101.541.044.749	81.768.519.314
Interest and Derivative Income from Operating Activities, (Net)		100.916.020	30.795.622	195.069.852	115.848.769
Service Income, (Net)		308.067.348	171.888.326	132.882.443	66.782.303
Other Operating Income, (Net)		30.347.757	12.886.299	31.334.052	17.270.521
Cost of Sales (-)		(60.221.596.329)	(22.803.343.771)	(101.399.229.268)	(81.699.602.778)
GROSS PROFIT/LOSS		724.706.780	426.112.355	501.101.828	268.818.129
Administrative Expenses (-)		(169.958.682)	(82.428.071)	(158.308.542)	(78.177.431)
Marketing Expenses (-)		(64.737.600)	(31.529.837)	(54.824.138)	(30.744.782)
Research and Development Expenses (-)		(1.492.355)	(555.159)	(3.939.250)	(2.083.553)
Other Operating Income		17.764.323	5.215.850	9.972.132	2.111.541
Other Operating Expenses (-)		(21.552.287)	(11.075.053)	(6.239.430)	(3.781.365)
OPERATING PROFIT/LOSS		484.730.179	305.740.085	287.762.600	156.142.539
Share of Profit/Loss of Equity Accounted Investees	10	(4.557.643)	(3.029.305)	(4.522.957)	(2.227.354)
OPERATING PROFIT/LOSS BEFORE FINANCE COST		480.172.536	302.710.780	283.239.643	153.915.185
Finance Income		43.194.973	23.370.801	50.809.612	20.243.079
Finance Expenses (-)		(49.513.367)	(22.904.147)	(54.145.695)	(27.602.216)
PROFIT BEFORE TAXATION FROM CONTINUING OPERATIONS		473.854.142	303.177.434	279.903.560	146.556.048
Income Tax From Continuing Operations		(104.733.409)	(65.768.405)	(56.507.471)	(27.367.835)
<i>Current Tax Expense</i>		<i>(91.596.622)</i>	<i>(58.018.405)</i>	<i>(54.667.463)</i>	<i>7.068.097</i>
<i>Deferred Tax Income/(Expense)</i>		<i>(13.136.787)</i>	<i>(7.750.000)</i>	<i>(1.840.008)</i>	<i>(34.435.932)</i>
PROFIT FROM CONTINUING OPERATIONS		369.120.733	237.409.029	223.396.089	119.188.213
PROFIT FROM DISCONTINUED OPERATIONS		-	-	-	-
PROFIT FOR THE PERIOD		369.120.733	237.409.029	223.396.089	119.188.213
Profit Attributable to:					
Non-controlling interests		23.562.489	5.005.069	20.207.640	6.353.063
Equity holders of the company		345.558.244	232.403.960	203.188.449	112.835.150
		369.120.733	237.409.029	223.396.089	119.188.213
Earning per share					
Earning Per Share From Continuing Operations	17	0,9734	0,6547	0,5724	0,3178
Earning Per Share From Discontinued Operations		-	-	-	-
Diluted Earnings Per Share					
Diluted Earnings Per Share From Continuing Operations	17	0,9734	0,6547	0,5724	0,3178
Diluted Earnings Per Share From Discontinued Operations		-	-	-	-

The accompanying notes form an integral part of these consolidated financial statements.

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Reviewed Current Period	Not reviewed Current Period	Reviewed Prior Period	Not reviewed Prior Period
	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Notes				
PROFIT FOR THE YEAR	369.120.733	237.409.029	223.396.089	119.188.213
OTHER COMPREHENSIVE INCOME:				
Items that will never be reclassified to profit or loss	1.121.258	(101.404)	(459.895)	(522.438)
Gains from remeasurements of defined benefit plans	1.401.574	(126.754)	(574.869)	(653.048)
Tax related to other comprehensive income that will not be reclassified to profit or loss	(280.316)	25.350	114.974	130.610
<i>Deferred Tax Expense/Income</i>	<i>(280.316)</i>	<i>25.350</i>	<i>114.974</i>	<i>130.610</i>
Items that will be reclassified to profit or loss	169.209	8.672.329	(1.647.137)	(1.580.852)
Net change in fair values of available for sale financial assets	2.086.932	8.724.812	1.255.098	1.337.679
Change in currency translation reserve	(1.813.377)	383.757	(2.839.480)	(2.851.647)
Tax related to other comprehensive income that will be reclassified to profit or loss	(104.346)	(436.240)	(62.755)	(66.884)
OTHER COMPREHENSIVE INCOME/LOSS	1.290.467	8.570.925	(2.107.032)	(2.103.290)
TOTAL COMPREHENSIVE INCOME	370.411.200	245.979.954	221.289.057	117.084.923
Total Comprehensive Income Attributable to:				
Non-Controlling Interests	21.103.684	5.015.910	18.526.827	5.144.574
Equity holders of the company	349.307.516	240.964.044	202.762.230	111.940.349
	370.411.200	245.979.954	221.289.057	117.084.923

The accompanying notes form an integral part of these consolidated financial statements.

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Paid in Capital	Share Premium	Other Comprehensive Income to be reclassified to profit or loss			Restricted Reserves Appropriated From Profit	Retained Earnings		Equity Attributable to Equity Holders of the Company	Non-Controlling Interests	Equity
			Currency Translation Difference	Revaluation and Reclassification Gains/ Losses	Other Reserves		Prior Year's Profit/Loss	Net Profit/Loss For The Period			
Balance at 1 January 2019	355.000.000	1.324.230	7.812.161	23.854.578	8.761.518	83.855.163	102.976.315	221.701.017	805.284.982	279.807.431	1.085.092.413
Transfers to Reserves	-	-	-	-	25.000.000	21.014.634	175.686.383	(221.701.017)	-	-	-
Total Comprehensive Income	-	-	(1.392.217)	1.211.309	-	-	(245.311)	203.188.449	202.762.230	18.526.827	221.289.057
Change in Non-Controlling Interests	-	(6.781)	13.020	162.179	(2.556)	(20.534)	2.915.790	-	3.061.118	(1.387.731)	1.673.387
Dividends	-	-	-	-	-	-	(90.000.000)	-	(90.000.000)	(26.136.922)	(116.136.922)
Balance at 30 June 2019	355.000.000	1.317.449	6.432.964	25.228.066	33.758.962	104.849.263	191.333.177	203.188.449	921.108.330	270.809.605	1.191.917.935

	Paid in Capital	Share Premium	Other Accumulated Comprehensive Income or Loss that Will Not Be Reclassified to Profit or Loss		Other Comprehensive Income to be reclassified to profit or loss			Retained Earnings		Equity Attributable to Equity Holders of the Company	Non-Controlling Interests	Equity
			Defined Benefit Plans Re-Measurement Gains and Losses	Currency Translation Difference	Revaluation and Reclassification Gains/ Losses	Other Reserves	Restricted Reserves Appropriated From Profit	Prior Year's Profit/Loss	Net Profit/Loss For The Period			
Balance at 1 January 2020	355.000.000	1.317.449	(7.085.607)	6.856.675	35.565.276	33.758.962	104.849.263	193.856.773	382.874.162	1.106.992.953	286.142.460	1.393.135.413
Transfers to Reserves	-	-	-	-	-	50.000.000	35.023.838	297.850.324	(382.874.162)	-	-	-
Total Comprehensive Income	-	-	1.009.544	1.191.525	1.548.203	-	-	-	345.558.244	349.307.516	21.103.684	370.411.200
Change in Non-Controlling Interests	-	(13.561)	-	35.134	473.147	(5.114)	192.592	2.181.920	-	2.864.118	(1.788.520)	1.075.598
Dividends	-	-	-	-	-	-	-	(140.000.000)	-	(140.000.000)	(43.367.722)	(183.367.722)
Balance at 30 June 2020	355.000.000	1.303.888	(6.076.063)	8.083.334	37.586.626	83.753.848	140.065.693	353.889.017	345.558.244	1.319.164.587	262.089.902	1.581.254.489

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

		Reviewed Current Period	Reviewed Prior Period
	Notes	1 January – 30 June 2020	1 January – 30 June 2019
A. CASH FLOWS FROM OPERATING ACTIVITIES			
		(601.192.995)	262.098.744
Profit for the period		369.120.733	223.396.089
Adjustments to reconcile net profit / (loss)			
Adjustments for depreciation and amortization		9.868.630	8.894.391
Adjustments for provisions		(9.093.078)	335.036
Adjustments related to interest income / expense		(1.929.304)	(19.665.046)
Adjustments related to share-based payments (dividend income)		(3.383.227)	(1.409.327)
Adjustments related to fair value losses / gains		(25.651.157)	(52.478.531)
Adjustments related to tax expense/income		104.733.409	56.507.471
Adjustments related to gains / losses from sales of tangible assets		(244.985)	(64.281)
Adjustments related to investments accounted for using the equity method	10	4.557.643	4.522.957
Other adjustments related to profit/loss reconciliation		11.193.191	32.763.597
Changes in net working capital			
Increases/decreases in inventories		1.135.238	(6.305.900)
Increases/decreases in trade receivables		(1.289.449.786)	(591.634.130)
Increases/decreases in other receivables		(566.759.108)	137.074.809
Changes in restricted deposits		(74.599.049)	42.046.968
Increases/decreases in trade payables		(811.520)	-
Increases/decreases in other payables		940.031.173	486.670.338
Cash flows from operating activities		5.791.841	(1.097.308)
Current tax paid			
Employment termination benefits paid/returns		(71.588.067)	(56.620.559)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
		(4.115.572)	(837.830)
Increases/decreases in financial investments		(523.711)	(3.466.448)
Proceeds from acquisition of associates		-	(40.084)
Cash inflow from sales of tangible assets		4.759.083	685.361
Cash outflow from purchase of tangible assets		(7.289.000)	(3.110.081)
Dividend income		3.383.227	1.409.327
Cash outflow from purchase of intangible assets		(1.377.021)	(2.410.971)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
		(688.847.418)	(1.412.566.567)
Proceeds from financial loans		6.043.376.745	8.358.037.607
Repayments of financial loans		(5.856.449.852)	(9.715.827.789)
Dividends paid		(183.367.722)	(116.136.922)
Change in time deposits with original maturities longer than three months	7	657.933.496	(40.941.571)
Change in other financial liabilities		82.147.272	(50.175.999)
Financing cash inflows from commercial paper		1.872.889.327	7.228.585.718
Financial cash outflows from commercial paper		(3.305.376.684)	(7.076.107.611)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES (A+B+C)			
		(1.290.564.124)	(1.153.934.271)
D. EFFECTS OF FOREIGN EXCHANGE LOSS/ (GAIN) ON CASH AND CASH EQUIVALENTS			
		1.191.525	(1.392.217)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)			
		(1.289.372.599)	(1.155.326.488)
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD			
	6	1.561.920.389	3.256.367.835
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)			
	6	272.547.790	2.101.041.347

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

1. ORGANIZATION AND OPERATIONS OF THE GROUP

The purpose of İş Yatırım Menkul Değerler Anonim Şirketi ("the Company") is to perform capital market activities in accordance with its Articles of Association of the Capital Markets Law. In this respect, the Company obtained the establishment permission through the Capital Markets Board's (the "CMB") meeting No: 51/1515 on 5 December 1996.

The Company is registered in Turkey and the head quarter of the Company operates in below address. The contact information of the Company's head quarter and web site is stated below:

Levent Mahallesi Meltem Sokak İş Kuleleri Kule - 2 Kat 13, 4. Levent 34330, Beşiktaş / İstanbul / Türkiye
Telefon: + 90 (212) 350 20 00 Faks: + 90 (212) 350 20 01
<http://www.isyatirim.com.tr>

The Company is a Türkiye İş Bankası Group entity and Türkiye İş Bankası AŞ is the main shareholder. The equity shares of the Company are traded on the stock Exchange.

As at 30 June 2020, the Company has 360 employees (31 December 2019: 345).

As at 30 June 2020, the details of the Company's subsidiaries included in consolidation are as follows:

Subsidiaries:

Company	Place of incorporation	Business Activity
Efes Varlık Yönetim AŞ	İstanbul	Asset management
İş Girişim Sermayesi Yatırım Ortaklığı AŞ ^(*)	İstanbul	Venture fund
İş Portföy Yönetimi AŞ	İstanbul	Portfolio management
İş Yatırım Ortaklığı AŞ	İstanbul	Investment trust
Maxis Girişim Sermayesi Portföy Yönetimi A.Ş.	İstanbul	Portfolio management
Maxis Investments Ltd.	London	Stock broker

^(*) Subsidiaries of İş Girişim Sermayesi Yatırım Ortaklığı AŞ are presented in Note 2.1

The Company and its consolidated subsidiaries, jointly controlled entities and associates are referred to as "the Group" in this report. The operations of the subsidiaries included in the consolidation are stated below:

Efes Varlık Yönetim A.Ş.:

The subsidiary has been established on 8 February 2011. The purpose of the subsidiary is to buy and sell receivables and other assets of deposit banks, participation banks and other financial institutions.

İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. ("İş Girişim Sermayesi"):

The operations of this subsidiaries are mainly making long-term investments in entrepreneurships founded or to be found in Turkey with a development potential and in need of capital.

İş Portföy Yönetimi A.Ş.:

This subsidiary was registered with the Istanbul Trade Registry on 23 September 2000 and its foundation was published in the Trade Registry Gazette No: 5168 on 6 November 2000. Its purpose is to perform capital market activities in accordance with its Articles of Association and the Capital Markets Law and the related regulation. This participation offers only portfolio management and investment advisory services within the context of capital market activities to institutional investors.

İş Yatırım Ortaklığı A.Ş.:

The purpose of this subsidiary is to perform capital market activities in accordance with the Capital Markets Law and the related regulation. This subsidiary performs capital market activities and managing its own portfolio.

Maxis Girişim Sermayesi Portföy Yönetimi A.Ş.:

The activity of the subsidiary established on November 2, 2017, which has been granted operating permission on May 17, 2018, is the establishment and management of venture capital investment funds within the framework of the Capital Markets Law and related legislative provisions.

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

1. ORGANIZATION AND OPERATIONS OF THE GROUP (cont’d)

Maxis Investments Ltd.:

The subsidiary has been established with the official registration with “The Official Seal of the Registrar of Companies” on 8 August 2005 located on 7 Princes Street, London. The purpose of the subsidiary is to perform profitable operations in the international capital markets.

Associates and jointly controlled entities:

Associates are entities on which the Group has significant influence apart from subsidiaries. Significant influence is the participation power to govern the financial and operating policies of an entity without having individually or jointly control power. Joint ventures are controlled by the Group with a contractual agreement and the Group have the authority on strategic, financial and operational decisions of joint ventures by these agreements. The details of Group’s associates as at 30 June 2020 are as follows:

Associate

Company Name	Type of Services	Main services issues
Radore Veri Hizmetleri A.Ş. (“Radore”)	Data services	Information technology sector, data center management and other works written in the main contract.
Mika Tur Seyahat Acenteliği Turizm AŞ (“Mika Tur”)	Tourism	Travel Agency

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1. Basis of presentation

Financial reporting standarts

Approval of Consolidated Financial Statements

The Group’s condensed consolidated interim financial statements as at and for the year that ended 30 June 2020 have been approved by the Board of Directors and authorization for issue has been given on 05 August 2020. The General Assembly has the authority to amend the consolidated financial statements after publishing.

Preparation of Consolidated Financial Statements and Statement of Compliance to TAS

The accompanying consolidated financial statements are prepared in accordance with the Communiqué numbered II-14,1, “Basis for Financial Reporting in Capital Markets” (“the Communiqué”) published in the Official Gazette numbered 28676 on 13 June 2013. According to the Communiqué, financial statements are prepared in accordance with Turkish Accounting Standards (“TAS”) which are published by the Public Oversight Accounting and Auditing Standards Authority (“POA”).

The accompanying financial statements of the Group have been prepared in accordance with the TMS Taxonomy of 2016 approved by the Board decision dated June 2, 2016 and developed by the (“KHK”) on the basis of Article 9 (b) of the Decree Law No. 660 (“POA”). The Company and its Turkish subsidiaries maintain their books of account and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code (“TCC”) and tax legislation. Businesses which are controlled by subsidiaries operating in foreign countries maintain their books of account in the currencies of those countries and prepare their statutory financial statements in accordance with the prevailing legislation in those countries.

Functional and Presentation Currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TL, which is the functional and presentation currency of the Company.

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1. Basis of Presentation (cont'd)

Financial Reporting Standards (cont'd)

Foreign currency exchange rates used by the Group are as follows:

	30 June 2020	31 December 2019
USD	6,8422	5,9402
EUR	7,7082	6,6506
GBP	8,4282	7,7765

Assumption of Going Concern

The consolidated financial statements of the Group are prepared on a going concern basis, which presumes the realization of assets and settlement of liabilities of the Company and its consolidated subsidiaries, jointly controlled entities and associates in the normal course of operations and in the foreseeable future.

Basis of Consolidation

Subsidiaries:

Subsidiaries are entities controlled by the Group. The Group controls when an entity is exposed to variable interest due to its relationship with the entity or has an interest in the entity and at the same time has an opportunity to influence the entity with the power on which it invests. The financial statements of subsidiaries are included in the Consolidated Financial Statements as of the date on which control commenced.

Non-controlling interests in the net assets of the consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest share of changes in equity since the date of the combination. Even if the non-controlling interests result in a reverse balance, total comprehensive income is attributable to the equity holders of the Company and to the non-controlling interests.

The details of the Group's subsidiaries are as follows:

Subsidiaries	Ownership as at 30 June 2020	Ownership as at 31 December 2019
Efes Varlık Yönetim AŞ	%85,14	%74,00
İş Girişim Sermayesi Yatırım Ortaklığı AŞ	%30,49	%30,49
İş Portföy Yönetimi AŞ	%70,00	%70,00
İş Yatırım Ortaklığı AŞ	%29,58	%29,58
Maxis Girişim Sermayesi Portföy Yönetimi AŞ	%100,00	%100,00
Maxis Investments Ltd.	%100,00	%100,00
Nevotek Bilişim Ses ve İletişim Sis. San. ve Tic. AŞ ("Nevotek") ^(*)	%95,37	%95,37
Ortopro Tıbbi Aletler Sanayi ve Ticaret AŞ ("Ortopro") ^(*)	%97,22	%90,63
Toksöz Spor Malzemeleri Ticaret AŞ ("Toksöz Spor") ^(*)	%90,63	%88,27
Mikla Yiyecek ve İçecek AŞ ("Mikla") ^(**)	%83,57	%83,57

(*) The subsidiaries of İş Girişim Sermayesi are presented with İş Girişim Sermayesi's ownership percentages.

(**) The assets of Numnum Gıda ve İçecek A.Ş., a subsidiary of İş Girişim Sermayesi, were transferred to three new companies established by the method of full division. Two of the newly established companies were sold for a total price of TL 24,025,000. The other new company established by the division "Mikla Gıda ve İçecek A.Ş." and İş Girişim Sermayesi's share in this company is 83.57%, as in the divided company Numnum Gıda ve İçecek A.Ş.

The accounting policies of subsidiaries are changed as necessary to align them with the policies adopted by the Group.

Associates and joint ventures:

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies.

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1. Basis of Presentation (cont'd)

Basis of Consolidation (cont'd)

Associates and joint ventures: (cont'd)

Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Investments in associates and jointly controlled entities are accounted for using the equity method and are recognized initially at cost.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

The details of the Group's associates are as follows:

Associates	Place of incorporation	Share on capital (%)		Business Line
		30 June 2020	31 December 2019	
Radore (*)	Türkiye	25,50	25,50	Information technology
Mika Tur(*)	Türkiye	20,00	20,00	Travel Agency

(*) The subsidiaries of İş Girişim Sermayesi are presented with İş Girişim Sermayesi's ownership percentages.

Goodwill:

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of the acquisition. Goodwill on acquisitions of associates is included in "associates" and is tested for impairment as part of the overall balance. Separately recognized goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocations made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

If the fair value of the identifiable assets, liabilities and contingent liabilities acquired can only be determined temporarily based on their carrying amounts and the cost of the combination can only be determined on a temporary basis, the acquirer recognizes the transaction in temporary amounts if it is to be temporarily recognized for the first time at the end of the period in which the combination takes place. Completion of provisionally agreed merger accounting should be completed within 12 months following the merger date and adjustment records including goodwill should be made from the date of merger.

Adjustments in consolidation:

The financial statements and the profit or loss statements of the companies included in the consolidation have been consolidated by using the full consolidation method and their shares in equity have been netted off against the recorded value in the Company's assets. Portions of the net assets of the subsidiaries that are not directly and / or indirectly controlled by the parent company are classified in the Consolidated Statement of Financial Position as "Non-controlling Interests". Portions of subsidiaries' net period profit or loss that are not included in the direct and / or indirect control of the parent company are classified as "Non-controlling share" in the consolidated income statement. In-group transactions and transactions between companies included in the consolidation are eliminated. Profits and losses arising from transactions between one of the Group companies and an associate or a joint venture of the Group are eliminated at the rate of the Group's interest in the relevant subsidiary / joint venture.

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.2. Changes in the Accounting Estimates and Errors

If changes in accounting estimates are only for one period, they are applied prospectively in the current period when the change is made, and in the period in which the change is made and in the future periods, significant accounting errors are corrected retrospectively and the financial statements of the previous periods are restated.

2.3. Basis of presentation of the consolidated financial statements

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the interim condensed consolidated financial statements as at June 30, 2020 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2020. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at January 1, 2020 are as follows:

Identification of the business (TFRS 3 Changes)

In May 2019, KGK published amendments regarding the definition of business in TFRS 3 “Business Combinations”. The purpose of this change is to help companies eliminate question marks related to the business definition.

The changes are as follows:

- Clarification of minimum requirements for the enterprise
- Elimination of the assessment of market participants in completing the missing items
- Add application guide to help businesses assess whether the acquisition process is important
- To limit the definitions of the business and outputs; and
- Introduce a fair value test (density test) to be applied on demand.

The amendment will be applied for annual accounting periods starting on January 1, 2020 and after.

The amendment did not have a significant impact on the financial position or performance of the Group.

Amendments to IFRS 9, IAS 39 and IFRS 7- Interest Rate Benchmark Reform

The amendments issued to IFRS 9 and IAS 39 which are effective for periods beginning on or after 1 January 2020 provide reliefs which enable hedge accounting to continue. For these reliefs, it is assumed that the benchmark on which the cash flows of hedged risk or item are based and/or, the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform. in connection with interest rate benchmark reform.

Reliefs used as a result of amendments in IFRS 9 and IAS 39 is aimed to be disclosed in financial statements based on the amendments made in IFRS 7

The amendment did not have a significant impact on the financial position or performance of the Group.

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

(cont’d)

2.3. Basis of presentation of the consolidated financial statements (cont’d)

The new standards, amendments and interpretations (cont’d)

i) The new standards, amendments and interpretations which are effective as at January 1, 2020 are as follows: (cont’d)

Definition of Material (Amendments to IAS 1 and IAS 8)

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of ‘material’ across the standards and to clarify certain aspects of the definition. The new definition states that, ‘Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendments to IAS 1 and IAS 8 are required to be applied for annual periods beginning on or after 1 January 2020.

The amendment did not have a significant impact on the financial position or performance of the Group.

Amendments to IFRS 16 – Covid-19 Rent Related Concessions

In May 2020, the IASB issued amendments to IFRS 16 Leases to provide relief to lessees from applying IFRS 16 guidance on lease modifications to rent concessions arising a direct consequence of the Covid-19 pandemic. A lessee that makes this election accounts for any change in lease payments related rent concession the same way it would account for the change under the standard, if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021
- There is no substantive change to other terms and conditions of the lease.

A lessee will apply the amendment for annual reporting periods beginning on or after 1 June 2020. Early application of the amendments is permitted.

The amendment did not have a significant impact on the financial position or performance of the Group.

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

2 BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.3. Basis of presentation of the consolidated financial statements (cont'd)

The new standards, amendments and interpretations (cont'd)

ii) Standards published but not enforced and not implemented early as at January 1, 2020 are as follows:

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

The Group will wait until the final amendment to assess the impacts of the changes.

TFRS 17 - New Insurance Contracts Standard

The IASB issued IFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. IFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted.

The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

Amendments to IAS 1- Classification of Liabilities as Current and Non-Current Liabilities

23 January 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements. The amendments issued to IAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Amendments to IFRS 3 – Reference to the Conceptual Framework

In May 2020, the IASB issued amendments to IFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of IFRS 3. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments issued to IFRS 3 which are effective for periods beginning on or after 1 January 2022 and must be applied retrospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in IFRS standards (March 2018).

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

2 BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.3. Basis of presentation of the consolidated financial statements (cont'd)

The new standards, amendments and interpretations (cont'd)

ii) Standards published but not enforced and not implemented early (cont.)

Amendments to IAS 16 – Proceeds before intended use

In May 2020, the IASB issued amendments to IAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments issued to IAS 16 which are effective for periods beginning on or after 1 January 2022. Amendments must be applied prospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment. There is no transition relief for the first time adopters.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Amendments to IAS 37 – Onerous contracts – Costs of Fulfilling a Contract

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent assets. . The amendments issued to IAS 37 which are effective for periods beginning on or after 1 January 2022, to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a “directly related cost approach”. Amendments must be applied retrospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Annual Improvements - 2018-2020 Period

" In May 2020, the IASB issued Annual Improvements to IFRS Standards 2018–2020 Cycle, amending the followings:

- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter: The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.
- IFRS 9 Financial Instruments – Fees in the “10 per cent test” for derecognition of financial liabilities: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other’s behalf.
- IAS 41 Agriculture – Taxation in fair value measurements: The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of IAS 41.

Improvements are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted for all.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS *(cont'd)*

2.4. Comparative Figures

To allow the determination of financial position and performance trends, the Group's condensed consolidated financial statements are prepared in comparison with the previous period. In order to ensure comparability of the condensed consolidated financial statements, prior period financial statements are also classified accordingly.

2.5. Summary of Significant Accounting Policies

Apart from the accounting policies used in the preparation of the condensed consolidated financial statements of the Group for the six-month interim period ended on 30 June 2020 and the application of new standards and amendments effective from 1 January 2020, prepared for the accounting period ended on 31 December 2019, consistent with the accounting policies applied in the annual financial statements.

2.6. Significant Accounting Judgements, Estimates and Assumptions

The preparation of consolidated financial statements requires management of Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of consolidated financial statements requires management of Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The Covid-19 epidemic, which has recently emerged in China, spreads to various countries around the world and causes potentially fatal respiratory infections, causes disruptions in operations, especially in countries that are overly exposed to the epidemic, and negatively affects economic conditions both regionally and globally. As a result of the spread of Covid-19 around the world, various measures have been taken in our country as well as in the world in order to prevent the transmission of the virus and are still being taken. In addition to these measures, economic measures are also taken in order to minimize the economic effects of the virus epidemic on individuals and businesses in our country and worldwide. The Company Management predicts that the effects of the current situation will not be significant in the financial statements prepared as of June 30, 2020. In addition, the estimates and assumptions used in the upcoming periods will be reviewed.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The estimates are used particularly in the following notes:

Note 9 – Trade receivables and payables

Note 10 – Investments in equity accounted investees

Note 11 – Goodwill(*)

Note 12 – Tangible assets

Note 13 – Intangible assets

Note 14 – Provisions, contingent assets and liabilities

Note 18 – Nature and level of risks arising from financial instruments

Note 19 – Financial instruments

(*) Estimated impairment of goodwill

According to accounting policies explained in note 2.1, the Group tests impairment of goodwill every year. Recoverable amount of cash generating units are specified according to value in use. These calculations require estimations.

3. JOINT VENTURES

Disclosed in Note 10.

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS AT AND FOR THE SIX MONTH ENDED 30 JUNE 2020

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

4. SEGMENT REPORTING

Segments	Securities	Investment Trust	Portfolio	Private Equity	Asset	Elimination	Total
	Brokerage		Management		Management	Adjustments	
	1 January- 30 June 2020	1 January- 30 June 2020	1 January- 30 June 2020	1 January- 30 June 2020	1 January- 30 June 2020	1 January- 30 June 2020	1 January- 30 June 2020
Revenue							
Sales revenue	60.294.226.820	56.108.231	17.573.761	136.695.645	2.367.527	-	60.506.971.984
Interest and derivative income from operating activities (net)	58.589.988	5.142.294	-	-	36.698.607	485.131	100.916.020
Services income (net)	250.437.974	17.629	58.934.695	-	-	(1.322.950)	308.067.348
Other operating income (net)	30.347.757	-	-	-	-	-	30.347.757
Cost of sales (-)	(60.069.234.301)	(55.004.711)	(21.610.512)	(74.374.547)	-	(1.372.258)	(60.221.596.329)
GROSS PROFIT/LOSS	564.368.238	6.263.443	54.897.944	62.321.098	39.066.134	(2.210.077)	724.706.780
Administrative expenses (-)	(115.358.313)	(2.321.707)	(26.687.827)	(14.422.211)	(11.415.050)	246.426	(169.958.682)
Marketing expenses (-)	(37.294.836)	(1.316.112)	(4.308.692)	(23.134.254)	-	1.316.294	(64.737.600)
Research and development expenses (-)	-	-	-	(1.492.355)	-	-	(1.492.355)
Other operating income	8.263.913	-	314.116	9.426.064	-	(239.770)	17.764.323
Other operating expenses (-)	(7.756.455)	-	(2.351)	(6.723.912)	(7.069.569)	-	(21.552.287)
OPERATING PROFIT/LOSS	412.222.547	2.625.624	24.213.190	25.974.430	20.581.515	(887.127)	484.730.179
Share of profit/loss of equity accounted investess	-	-	-	(4.557.643)	-	-	(4.557.643)
OEPRATING PROFIT/LOSS BEFORE FINANCE COSTS	412.222.547	2.625.624	24.213.190	21.416.787	20.581.515	(887.127)	480.172.536
Finance income	39.668.630	10.256.521	12.995.543	13.837.242	-	(33.562.963)	43.194.973
Finance costs (-)	(10.145.924)	-	(2.201.620)	(23.016.664)	(14.149.159)	-	(49.513.367)
PROFIT OR LOSS BEFORE TAXATION FROM CONTINUING OPERATIONS	441.745.253	12.882.145	35.007.113	12.237.365	6.432.356	(34.450.090)	473.854.142
Tax income/(expense) from continuing Operations	(91.796.117)	-	(7.865.208)	(5.072.084)	-	-	(104.733.409)
- Current tax expenses	(84.467.599)	-	(6.864.448)	(264.575)	-	-	(91.596.622)
- Deferred tax income / (expense)	(7.328.518)	-	(1.000.760)	(4.807.509)	-	-	(13.136.787)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	349.949.136	12.882.145	27.141.905	7.165.281	6.432.356	(34.450.090)	369.120.733
PROFIT FOR DISCONTUNIED OPERATIONS	-	-	-	-	-	-	-
PROFIT/(LOSS) FOR THE YEAR	349.949.136	12.882.145	27.141.905	7.165.281	6.432.356	(34.450.090)	369.120.733
<i>Profit/(Loss) attributable to:</i>							
<i>Non-Controlling interests</i>	-	8.967.261	8.248.638	5.086.633	569.907	690.050	23.562.489
<i>Equity holders of the Company</i>	349.949.136	3.914.884	18.893.267	2.078.649	5.862.449	(35.140.141)	345.558.244
	349.949.136	12.882.145	27.141.905	7.165.282	6.432.356	(34.450.091)	369.120.733
Other informations							
Acquisition of tangible and intangible assets	1.410.362	-	2.123.678	2.803.390	2.328.591	-	8.666.021
Depreciation and amortization charges	(6.173.003)	(118.333)	(1.848.682)	(1.584.147)	(144.465)	-	(9.868.630)

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

4. SEGMENT REPORTING (cont'd)

Segments	Securities Brokerage	Investment Trust	Portfolio Management	Private Equity	Asset Management	Elimination adjustments	Total
	30 June 2020	30 June 2020	30 June 2020	30 June 2020	30 June 2020	30 June 2020	30 June 2020
Balance sheet information							
Assets	5.934.759.332	234.400.706	152.067.645	346.705.536	253.941.157	(214.365.314)	6.707.509.062
Cash and cash equivalents	191.155.400	8.424.929	14.143.083	52.540.034	4.417.001	-	270.680.447
Financial investments (short term)	1.145.674.672	207.618.506	83.291.779	29.961.026	-	(14.609.715)	1.451.936.268
Financial investments (long term)	222.535.490	1	25.312.955	-	-	(181.963.906)	65.884.540
Trade receivables	4.105.749.448	17.592.747	16.277.710	72.265.608	234.376.267	(17.756.846)	4.428.504.934
Other receivables	180.099.507	27.930	35.162	1.995.012	-	-	182.157.611
Derivative instruments	56.708.438	-	19.431	-	-	-	56.727.869
Investment in equity accounted investees	-	-	-	5.210.757	-	-	5.210.757
Other assets	32.836.377	736.593	12.987.525	184.733.099	15.147.889	(34.847)	246.406.636
Liabilities	4.670.645.324	1.366.493	17.433.289	257.285.206	197.281.108	(17.756.847)	5.126.254.573
Financial liabilities	434.141.778	761.581	6.116.968	178.046.826	188.128.737	-	807.195.890
Other financial liabilities	-	-	-	-	-	-	-
Trade payables	3.932.319.207	169.045	88.742	57.518.928	2.060.703	(17.727.193)	3.974.429.432
Other payables	19.614.530	57.574	892.282	1.783.311	6.339.680	(29.654)	28.657.723
Derivative instruments	164.447.697	-	-	-	-	-	164.447.697
Other liabilities	120.122.112	378.293	10.335.297	19.936.141	751.988	-	151.523.831
Net assets	1.264.114.008	233.034.213	134.634.356	89.420.330	56.660.049	(196.608.467)	1.581.254.489

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4. SEGMENT REPORTING (cont'd)

Segments	Securities Brokerage	Investment Trust	Portfolio Management	Private Equity	Asset Management	Elimination Adjustments	Total
	1 January- 30 June 2019	1 January- 30 June 2019	1 January- 30 June 2019	1 January- 30 June 2019	1 January- 30 June 2019	1 January- 30 June 2019	1 January- 30 June 2019
Revenue							
Sales revenue	101.299.891.783	41.856.780	18.352.884	180.129.556	813.746	-	101.541.044.749
Interest and derivative income from operating activities (net)	158.256.879	11.148.264	-	-	25.578.389	86.320	195.069.852
Services income (net)	93.382.374	3.454	35.568.795	-	-	3.927.820	132.882.443
Other operating income (net)	31.334.052	-	-	-	-	-	31.334.052
Cost of sales (-)	(101.223.690.938)	(36.471.942)	(14.225.206)	(121.240.461)	(2.966.347)	(634.374)	(101.399.229.268)
GROSS PROFIT/LOSS	359.174.150	16.536.556	39.696.473	58.889.095	23.425.788	3.379.766	501.101.828
Administrative expenses (-)	(107.099.513)	(1.964.983)	(21.018.959)	(19.284.042)	(9.124.399)	183.354	(158.308.542)
Marketing expenses (-)	(23.174.784)	(1.230.092)	(2.940.618)	(28.745.294)	-	1.266.650	(54.824.138)
Research and development expenses (-)	-	-	-	(3.939.250)	-	-	(3.939.250)
Other operating income	8.705.456	8.226.974	11.547	1.311.945	94.034	(8.377.824)	9.972.132
Other operating expenses (-)	(2.068.484)	(56.032)	(2.354)	(4.112.560)	-	-	(6.239.430)
OPERATING PROFIT/LOSS	235.536.825	21.512.423	15.746.089	4.119.894	14.395.423	(3.548.054)	287.762.600
Share of profit/(loss) of equity accounted investees	-	-	-	(4.522.957)	-	-	(4.522.957)
OPERATING PROFIT/LOSS BEFORE FINANCE COSTS	235.536.825	21.512.423	15.746.089	(403.063)	14.395.423	(3.548.054)	283.239.643
Finance income	37.035.419	17.843.949	5.889.465	14.859.595	101.517	(24.920.333)	50.809.612
Finance costs (-)	(3.844.203)	-	(1.126.026)	(27.859.348)	(21.316.118)	-	(54.145.695)
PROFIT OR LOSS BEFORE TAXATION FROM CONTINUING OPERATIONS	268.728.041	39.356.372	20.509.528	(13.402.816)	(6.819.178)	(28.468.387)	279.903.560
Tax income/(expense) from continuing Operations	(53.540.901)	-	(4.683.250)	1.056.680	-	660.000	(56.507.471)
- Current tax expenses	(51.523.039)	-	(3.056.952)	(87.472)	-	-	(54.667.463)
- Deferred tax income / (expense)	(2.017.862)	-	(1.626.298)	1.144.152	-	660.000	(1.840.008)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	215.187.140	39.356.372	15.826.278	(12.346.136)	(6.819.178)	(27.808.387)	223.396.089
PROFIT FOR DISCONTINUED OPERATIONS	-	-	-	-	-	-	-
PROFIT/(LOSS) FOR THE YEAR	215.187.140	39.356.372	15.826.278	(12.346.136)	(6.819.178)	(27.808.387)	223.396.089
<i>Profit/(Loss) attributable to:</i>							
Non-Controlling interests	-	28.277.553	4.961.658	(8.760.818)	(1.056.973)	(3.213.780)	20.207.640
Equity holders of the Company	215.187.140	11.078.819	10.864.620	(3.585.318)	(5.762.205)	(24.594.607)	203.188.449
	215.187.140	39.356.372	15.826.278	(12.346.136)	(6.819.178)	(27.808.387)	223.396.089
Other informations							
Acquisition of tangible and intangible assets	1.958.930	-	280.207	3.100.241	181.674	-	5.521.052
Depreciation and amortization charges	(3.788.523)	(102.881)	(1.220.128)	(11.305.129)	(217.921)	-	(16.634.582)

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(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

4. SEGMENT REPORTING (cont'd)

Segments	Securities Brokerage	Investment Trust	Portfolio Management	Private Equity	Asset Management	Elimination adjustments	Total
	31 December 2019	31 December 2019	31 December 2019	31 December 2019	31 December 2019	31 December 2019	31 December 2019
Balance sheet information							
Assets	5.830.749.967	276.918.173	145.540.080	383.086.122	244.309.653	(163.497.943)	6.717.106.052
Cash and cash equivalents	1.280.030.188	202.114.056	17.129.310	58.795.549	2.183.783	-	1.560.252.886
Financial investments (short term)	1.178.136.555	73.331.543	76.143.091	25.937.130	-	(11.821.841)	1.341.726.478
Financial investments (long term)	397.871.863	1	22.391.647	-	-	(151.104.906)	269.158.605
Trade receivables	2.800.845.343	658.784	17.877.734	92.970.890	227.571.241	(868.844)	3.139.055.148
Other receivables	104.075.667	33.796	113.044	2.322.404	-	-	106.544.911
Derivative instruments	26.629.080	-	-	-	-	-	26.629.080
Investment in equity accounted investees	-	-	-	9.768.400	-	-	9.768.400
Other assets	43.161.271	779.993	11.885.254	193.291.749	14.554.629	297.648	263.970.544
Liabilities	4.781.896.552	1.680.551	18.188.601	299.928.388	223.145.392	(868.845)	5.323.970.639
Financial liabilities	1.635.745.299	776.180	6.189.480	191.787.263	221.198.796	-	2.055.697.018
Other financial liabilities	14.865.116	-	-	-	-	-	14.865.116
Trade payables	2.954.794.699	223.792	34.477	79.066.875	1.120.354	(841.938)	3.034.398.259
Other payables	19.364.851	61.238	1.239.319	1.873.663	353.718	(26.907)	22.865.882
Derivative instruments	67.435.311	-	-	-	-	-	67.435.311
Other liabilities	89.691.276	619.341	10.725.325	27.200.587	472.524	-	128.709.053
Net assets	1.048.853.415	275.237.622	127.351.479	83.157.734	21.164.261	(162.629.098)	1.393.135.413

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(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

5. RELATED PARTY TRANSACTIONS

The immediate parent and ultimate controlling party of the Group is Türkiye İş Bankası A.Ş. incorporated in Turkey. Transactions between the Company and its subsidiaries, related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. The details of transactions between the Group and other related parties are disclosed below.

Deposits in Türkiye İş Bankası AŞ	30 June 2020	31 December 2019
Demand Deposits	22.700.302	17.872.269
Time Deposits	61.177.879	927.546.194
	83.878.181	945.418.463
Borrowings from Türkiye İş Bankası AŞ	30 June 2020	31 December 2019
Loans	91.531.033	112.612.130
	91.531.033	112.612.130
İş Finansal Kiralama AŞ	30 June 2020	31 December 2019
Leasing debt	-	867.065
	-	867.065
İş Faktoring AŞ	30 June 2020	31 December 2019
Factoring debt	6.973.248	11.382.501
	6.973.248	11.382.501
Lease Payables	30 June 2020	31 December 2019
Türkiye İş Bankası AŞ	5.819.988	5.699.517
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	7.448.003	9.411.161
	13.267.991	15.110.678

	30 June 2020			
	Receivables		Payables	
Balances with related parties	Trading	Non- Trading	Trading	Non- Trading
İş Merkezleri Yönetim ve İşletim AŞ	36.402	31.916	5.868	150.065
Türkiye İş Bankası AŞ	1.339.292	-	3.815.259	401.053
İş Net Elektronik Bilgi Üretim Dağ. Tic. ve İlet. Hiz. AŞ	-	-	6.563	23.018
Borsa İstanbul AŞ	92.285	-	4.873.406	-
Anadolu Anonim Türk Sigorta Şirketi	3.359.570	-	39.716	79.148
Anadolu Hayat Emeklilik AŞ	3.773.847	-	-	-
Türkiye Şişe ve Cam Fabrikaları AŞ	55.200	-	-	-
Trakya Cam San. AŞ	126.669	-	-	-
ATT Technology Management BV	-	-	46.203	-
Milli Reasürans T.AŞ	42.504	-	-	-
Anadolu Cam Sanayii AŞ	68.966	-	-	-
İstanbul Takas ve Saklama Bankası AŞ	-	40.099.903	-	-
Turkishfund (SICAV) Funds	165.894	-	-	-
Soda Sanayii AŞ	93.451	-	-	-
Funds Managed or Funds	8.093.677	29.769	-	-
Şişecam Sigorta Aracılık Hizmetleri	39.742	-	-	-
SoftTech Yazılım Tekn. Araş. Gel. ve Paz. Tic. A.Ş.	-	-	433.760	5.510
Other	407	150	2.565	-
	17.287.906	40.161.738	9.223.340	658.794

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5. RELATED PARTY TRANSACTIONS (cont'd)

Balances with related parties	31 December 2019			
	Receivables		Payables	
	Trading	Non- Trading	Trading	Non- Trading
İş Merkezleri Yönetim ve İşletim AŞ	30.535	33.796	882	104.714
Türkiye İş Bankası AŞ	527.012	150	2.104.036	330.279
İş Gayrimenkul Yatırım Ortaklığı AŞ	605.340	-	-	-
İş Net Elektronik Bilgi Üretim Dağ. Tic. ve İlet. Hiz. AŞ	-	-	25.681	508.496
Borsa İstanbul AŞ	220.840	-	2.751.202	-
Anadolu Anonim Türk Sigorta Şirketi	7.340.453	-	6.113	11.242
Anadolu Hayat Emeklilik AŞ	3.989.244	-	-	-
Trakya Cam San. AŞ	25.200	-	-	-
ATT Technology Management BV	-	-	46.054	-
Anadolu Cam Sanayii AŞ	3.366	-	-	-
İstanbul Takas ve Saklama Bankası AŞ	-	23.175.223	525.945	-
Turkishfund (SICAV) Funds	176.174	-	-	-
Funds Managed or Founded	5.855.867	112.164	-	-
Şişecam Sigorta Aracılık Hizmetleri	678	-	-	-
Other	18.829	-	5.964	-
	18.793.538	23.321.333	5.465.877	954.731

Related party transactions (income)	1 January - 30 June 2020			
	Fund management and brokerage commission income	Interest income on time deposits and bonds	Dividend received	Other
Türkiye İş Bankası AŞ	84.522.108	15.214.629	-	-
Anadolu Hayat Emeklilik AŞ	11.826.249	-	-	2.429
Anadolu Anonim Türk Sigorta Şirketi	4.152.805	-	-	24.184
Milli Reasürans T.AŞ	116.421	-	-	46.964
Türkiye Sınai Kalkınma Bankası AŞ	-	121.331	-	-
T.Şişecam Fab.AŞ Ve İşt. Sos.Güv.Ve Blm. Araş.Vakfı	1.012	-	-	10.284
T.Şişe ve Cam Fabrikaları AŞ	125.217	-	2.788	127.731
İş Finansal Kiralama AŞ	351.125	-	-	-
Yatırım Finansman Menkul Değerler AŞ	-	-	1.787	1.663
İstanbul Takas ve Saklama Bankası A.Ş	-	-	2.492.325	-
Turkishfund (SICAV) Funds	356.846	-	-	-
Tecim Yapı Elemanları İnş.Ser.AŞ	26.571	-	-	-
Trakya Cam San. AŞ	245.963	-	929	-
Nemtaş Nemrut Liman İşletmeleri AŞ	-	-	-	-
Soda Sanayii AŞ	205.039	-	2.431	-
Türkiye Teknoloji Geliştirme Vakfı	30.092	-	-	-
Anadolu Cam Sanayii AŞ	84.920	-	-	-
Borsa İstanbul AŞ	-	-	889.115	-
Paşabahçe Cam San. Ve Tic. AŞ	-	-	-	1.886
Meg Elektrik Elektronik Bilgi ve İletişim Sistemleri	-	-	-	3.540
Funds Managed or Founded	40.090.630	-	-	-
	142.134.998	15.335.960	3.389.375	218.681

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(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

5. RELATED PARTY TRANSACTIONS (cont'd)

	1 January - 30 June 2019			
	Fund management and brokerage commission income	Interest income on time deposits and bonds	Dividend received	Other
Related party transactions (income)				
Türkiye İş Bankası AŞ	19.971.555	31.464.789	-	500.000
Anadolu Hayat Emeklilik AŞ	7.758.563	-	-	492
Anadolu Anonim Türk Sigorta Şirketi	4.806.157	-	-	19.387
Milli Reasürans T.AŞ	59.667	-	-	28.512
İş Gayrimenkul Yatırım Ortaklığı AŞ	856.694	374.772	-	-
Türkiye Sınai Kalkınma Bankası AŞ	-	594.192	-	-
İş Faktoring AŞ	825.041	427	-	-
T.Şişecam Fab.AŞ Ve İşt. Sos.Güv.Ve Blm. Araş.Vakfi	36.137	-	-	6.327
T.Şişe ve Cam Fabrikaları AŞ	87.474	-	71.705	125.051
İş Finansal Kiralama AŞ	3.400.559	1.796	-	-
İş Net Elek.Bilg.Ür.Tic.AŞ	-	-	-	54.242
Yatırım Finansman Menkul Değerler AŞ	-	-	1.787	1.106
İstanbul Takas ve Saklama Bankası A.Ş	-	-	655.875	-
Efes Holding AŞ	31.138	-	-	-
Turkishfund (SICAV) Funds	308.215	-	-	-
Tecim Yapı Elemanları İnş.Ser.AŞ	41.593	-	-	-
Trakya Cam San. AŞ	204.209	-	-	-
Soda Sanayii AŞ	153.795	-	34.156	-
Türkiye Teknoloji Geliştirme Vakfı	25.183	-	-	-
Anadolu Cam Sanayii AŞ	70.803	-	-	-
Borsa İstanbul AŞ	-	-	690.315	-
Paşabahçe Cam San. Ve Tic. AŞ	-	-	-	1.191
Funds Managed or Founded	18.118.542	-	-	-
	56.755.325	32.435.976	1.453.838	736.308

	1 January - 30 June 2020	1 January - 30 June 2019
Compensation of key management personnel		
Salaries and other short-term benefits	18.105.457	17.993.021
	18.105.457	17.993.021

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(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

5. RELATED PARTY TRANSACTIONS (cont'd)

	1 January - 30 June 2020									
Related party transactions (expenses)	Letters of guarantee commission expenses	Custody commission expenses	Interest on borrowings	Other interest expenses	Transaction commission expenses	Personnel insurance contribution	Office insurance	Rent expenses (*)	Administrative expenses	Technical service and consultancy expenses
Türkiye İş Bankası AŞ	313.038	261.348	16.671.485	256.370	10.301.137	-	-	426.231	-	38.359
İş Gayrimenkul Yatırım Ortaklığı AŞ	-	-	-	-	-	-	-	2.831.483	-	-
Anadolu Anonim Türk Sigorta Şirketi	-	-	-	168.586	-	2.031.786	142.391	-	-	-
Anadolu Hayat Emeklilik AŞ	-	-	-	-	-	230.383	-	-	-	-
İş Merkezleri Yönetim ve İşletim AŞ	-	-	-	-	-	-	-	-	1.943.491	-
İş Net Elektronik Bilgi Ür. Dağ. Tic. ve İlet. Hiz. AŞ	-	-	-	-	-	-	-	-	-	479.633
İş Faktoring AŞ	-	-	-	2.190.481	-	-	-	-	-	-
İstanbul Takas ve Saklama Bankası AŞ	-	4.848.550	260.823	-	-	-	-	-	-	-
Türkiye İş Bankası AŞ Mensupları Emekli San. Vakfı	-	-	-	-	-	-	-	329.033	-	-
Milli Reasürans T.AŞ	-	-	-	50	-	-	-	-	-	-
ATT Technology Management BV	-	-	-	-	-	-	-	-	-	38.640
Paşabahçe Mağazaları AŞ	-	-	-	-	-	-	-	-	834	-
Borsa İstanbul AŞ	-	-	-	-	24.083.000	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	4.521
SoftTech Yazılım Tekn. Araş. Gel. ve Paz. Tic. A.Ş.	-	-	-	-	-	-	-	-	-	2.559.128
	313.038	5.109.898	16.932.308	2.615.487	34.384.137	2.262.169	142.391	3.586.747	1.944.325	3.120.281

(*) Financial expenses paid under TFRS 16

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5. RELATED PARTY TRANSACTIONS (cont'd)

	1 January - 30 June 2019									
Related party transactions (expenses)	Letters of guarantee commission expenses	Custody commission expenses	Interest on borrowings	Other interest expenses	Transaction commission expenses	Personnel insurance contribution	Office insurance	Rent expenses	Administrative expenses	Technical service and consultancy expenses
Türkiye İş Bankası AŞ	259.624	261.674	17.209.662	255.676	4.583.648	-	-	1.191.619	-	109.778
İş Gayrimenkul Yatırım Ortaklığı AŞ	-	-	-	-	-	-	-	2.952.833	-	-
Anadolu Anonim Türk Sigorta Şirketi	-	-	-	4.804	-	1.844.178	256.937	-	-	-
Anadolu Hayat Emeklilik AŞ	-	-	-	9.477	-	295.891	-	-	-	-
İş Merkezleri Yönetim ve İşletim AŞ	-	-	-	-	-	-	-	-	1.793.589	-
İş Net Elektronik Bilgi Ür. Dağ. Tic. ve İlet. Hiz. AŞ	-	-	-	-	-	-	-	-	-	633.264
İş Faktoring AŞ	-	-	-	2.129.706	-	-	-	-	-	-
İş Finansal Kiralama AŞ	-	-	24.179	-	-	-	-	-	-	-
İstanbul Takas ve Saklama Bankası AŞ	-	2.455.602	18.291	-	-	-	-	-	-	-
Türkiye İş Bankası AŞ Mensupları Emekli San. Vakfı	-	-	-	-	-	-	-	169.932	-	-
Milli Reasürans T.AŞ	-	-	-	52.298	-	-	-	-	-	-
ATT Technology Management BV	-	-	-	-	-	-	-	-	-	35.276
Paşabahçe Mağazaları AŞ	-	-	-	-	-	-	-	-	3.522	-
Borsa İstanbul AŞ	-	-	-	-	14.111.690	-	-	-	-	-
Türkiye İş Bankası Kültür Yayınları İş - Türk Ltd. Şti.	-	-	-	-	-	-	-	-	405	-
SoftTech Yazılım Tekn. Araş. Gel. ve Paz. Tic. A.Ş.	-	-	-	-	-	-	-	-	-	2.291.646
	259.624	2.717.276	17.252.132	2.451.961	18.695.338	2.140.069	256.937	4.314.384	1.797.516	3.069.964

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6. CASH AND CASH EQUIVALENTS

	30 June 2020	31 December 2019
Cash	37.753	49.761
Cash at banks	224.753.606	1.090.310.392
<i>Demand deposits</i>	50.444.431	56.978.275
<i>Time deposits (with maturities less than three months)</i>	174.309.175	1.033.332.117
B Type liquid funds	5.912.877	8.235.271
Receivable from reverse repurchase agreements	42.248.141	442.095.026
Other cash equivalents	472.789	4.062.305
Receivables from money market placements	350.083	19.406.453
Provision for expected losses	(3.094.802)	(3.906.322)
	270.680.447	1.560.252.886

Cash and cash equivalents in the Group's consolidated statement of cash flows as at 30 June 2020 and 31 December 2019 are presented by netting off interest accruals and time deposits:

	30 June 2020	31 December 2019
Cash and cash equivalents	270.680.447	1.560.252.886
Interest accrual	(1.307.663)	(2.319.023)
Restricted deposits	80.204	80.204
Provision for expected losses	3.094.802	3.906.322
	272.547.790	1.561.920.389

7. FINANCIAL INVESTMENTS

Current financial assets	30 June 2020	31 December 2019
Time deposits with maturities more than three months and settlement and custody bank money market receivables	137.514.288	795.447.784
Financial assets at fair value through profit or loss	1.314.421.980	533.855.453
Financial assets measured at amortized cost	-	12.423.241
	1.451.936.268	1.341.726.478

Non-current financial assets	30 June 2020	31 December 2019
Financial assets with fair value reflected on other comprehensive income	56.057.593	53.327.263
Financial assets measured at amortized cost	-	215.831.342
Financial assets at fair value through profit or loss	9.826.947	-
	65.884.540	269.158.605

	30 June 2020	
Financial assets at fair value through profit or loss	Cost	Registered Value
Government bonds and treasury bills	7.157.190	6.771.134
Private sector bonds(*)	142.644.082	144.435.620
Equity shares	586.630.609	602.881.609
Foreign currency securities	426.400.779	442.975.340
Investment funds	102.716.822	127.185.224
	1.265.549.482	1.324.248.927

	31 December 2019	
Financial assets at fair value through profit or loss	Cost	Registered Value
Government bonds and treasury bills	11.466.338	13.452.198
Private sector bonds	141.114.582	134.543.881
Equity shares	120.888.652	128.396.870
Foreign currency securities	146.518.444	146.394.324
Investment funds	83.158.923	111.068.180
	503.146.939	533.855.453

Average annual interest rate of government bonds and treasury bills held for trading purposes as at 30 June 2020 is 12,34% (31 December 2019: Government Bonds and Private Sector Bonds' average annual interest rate is %16,12).

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7. FINANCIAL INVESTMENTS (cont'd)

The details of the equity instruments classified as financial assets at fair value through other comprehensive income are as follows:

30 June 2020		
Financial assets at fair value through other comprehensive income (*)	Ownership Rate (%)	Registered Value
Listed Entities		
İş Gayrimenkul Yatırım Ortaklığı AŞ	1,13	27.860.596
Unlisted Entities		
İstanbul Takas ve Saklama Bankası AŞ	0,87	11.543.400
Ege Tarım Ürünleri Lisanslı Depoculuk AŞ	10,05	1.540.045
Borsa İstanbul AŞ	0,38	15.096.668
Yatırım Finansman Menkul Değ. AŞ	0,06	16.884
		56.057.593

31 December 2019		
Financial assets available for sale	Ownership Rate (%)	Registered Value
Listed Entities		
İş Gayrimenkul Yatırım Ortaklığı AŞ	1,13	25.130.266
Unlisted Entities		
İstanbul Takas ve Saklama Bankası AŞ	0,87	11.543.400
Ege Tarım Ürünleri Lisanslı Depoculuk AŞ	10,05	1.540.045
Borsa İstanbul AŞ	0,38	15.096.668
Yatırım Finansman Menkul Değ. AŞ	0,06	16.884
		53.327.263

(*) The "Financial assets available for sale" portfolio name with the transition to IFRS 9 has been changed to " Financial assets at fair value through other comprehensive income "

The details of the financial assets measured at amortized cost are as follows:

31 December 2019			
Financial assets measured at amortized cost	Cost	Fair Value	Registered Value
Borrowing instruments	220.901.412	231.037.397	228.254.583
	220.901.412	231.037.397	228.254.583

The fair values of financial assets measured at amortised cost presented in the above table for presentation purposes are determined according to Level 1.

8. FINANCIAL LIABILITIES

Financial Liabilities	30 June 2020	31 December 2019
Payables to Stock Exchange Money Market	216.712.000	300.000
Payables from bills	187.486.218	1.619.973.575
Short-term bank loans	317.672.002	311.160.349
Long-term bank loans	21.247.221	27.822.410
Short-term portion of long term bank loans	12.677.570	23.730.240
Interest accruals on payables to Stock Exchange Money Markets	243.714	92
Interest accruals on bank loans	3.114.317	6.298.603
Payables due to leasing transactions	9.446.446	13.518.939
Long term payables from leasing transactions	31.202.174	38.401.963
Long term finance lease and factoring liabilities	-	405.554
Short-term portion of long-term finance lease and factoring liabilities	-	427.374
Short term finance lease and factoring liabilities	7.394.228	13.657.919
	807.195.890	2.055.697.018

TL 5.172.034 TL portion of the factoring and leasing liabilities amounting to TL 7.394.228 in financial liabilities is denominated in US Dollars and TL 68.979 is denominated in EUR.

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8. FINANCIAL LIABILITIES(cont'd)

As at 30 June 2020 and 31 December 2019, interest rates and maturities of bank borrowings are as follows:

30 June 2020					
Description	Amount	Currency Type	Interest Rate (%)	Maturity	Amount TL
Principal	296.231.370	TL	8,00-22,50	01.07.2020-13.12.2024	296.231.370
Interest accrual	2.495.716				2.495.716
Principal	8.091.757	USD	2,26-7,50	16.07.2020-01.08.2022	55.365.423
Interest accrual	90.410				618.601
					354.711.110
31 December 2019					
Description	Amount	Currency Type	Interest Rate (%)	Maturity	Amount TL
Principal	330.813.528	TL	10,27-29,40	03.01.2020-19.01.2022	330.813.528
Interest accrual	5.662.862				5.662.862
Principal	5.492.450	USD	3,00-9,25	10.01.2020-01.08.2022	31.899.471
Interest accrual	110.377				635.741
					369.011.602

As of June 30, 2020 and December 31, 2019, the maturity and interest rates of the debt securities issued by the Group are as follows:

30 June 2020					
Description	Amount	Currency	Interest Rate (%)	Maturity	Amount (TL)
Principal	180.610.379	TL	7,75-10,78	06.07.2020-17.07.2020	180.610.379
Interest accrual	6.875.839	TL			6.875.839
	187.486.218				187.486.218
31 December 2019					
Description	Amount	Currency	Interest Rate (%)	Maturity	Amount (TL)
Principal	1.589.632.090	TL	9,74-14,99	03.01.2020-17.04.2020	1.589.632.090
Interest accrual	30.341.485	TL			30.341.485
	1.619.973.575				1.619.973.575

As at 30 June 2020 and 31 December 2019, interest rates and maturities of payables to stock exchange money market are as follows:

30 June 2020					
Description	Amount	Currency	Interest Rate (%)	Maturity	Amount (TL)
Principal	216.712.000	TL	8,00-8,55	01.07.2020-21.07.2020	216.712.000
Interest accrual	243.714	TL			243.714
	216.955.714				216.955.714
31 December 2019					
Description	Amount	Currency	Interest Rate (%)	Maturity	Amount (TL)
Principal	300.000	TL	11,20	02.01.2020	300.000
Interest accrual	92	TL			92
	300.092				300.092

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9. TRADE RECEIVABLES AND PAYABLES

Short term trade receivables	30 June 2020	31 December 2019
Receivables from customers	1.758.215.144	1.594.677.257
Receivables from clearing houses on derivative transactions	951.522.366	575.476.333
Receivables from credit customers	445.648.082	259.971.666
Receivables from clearing houses	1.019.233.443	460.282.545
Purchase of nonperforming loans	234.376.267	227.571.241
Due from related parties	17.287.906	18.793.538
Commission and fund management fee receivables	1.823.099	2.043.859
Other trade receivables	398.627	238.709
Doubtful trade receivables	23.563.134	23.569.232
Provisions for doubtful trade receivables (-)	(23.563.134)	(23.569.232)
	4.428.504.934	3.139.055.148

As of June 30, 2020, the average interest rates applied to customers on margin trading are 12,23% (31 December 2019: 17,16%).

As of June 30, 2020, the Group obtained collaterals amounting to TL 883.171.406 (December 31, 2019: TL 462.407.639) from the customers for the loans granted.

As of June 30, 2020, the Group has received letters of guarantee amounting to TL 122.897.956 from its customers for derivatives (December 31, 2019: TL 166.089.765).

Movement of Doubtful Trade Payables	30 June 2020	31 December 2019
Opening balance	23.569.232	22.859.168
Provisions for the period	296.990	964.933
Cancelled provisions	(262.290)	(49.340)
Collections	(40.798)	(205.529)
Closing balance	23.563.134	23.569.232

Short term trade payables	30 June 2020	31 December 2019
Payables to customers	2.401.782.785	2.191.669.387
Payables to clearing houses on derivative transactions	1.495.801.969	750.409.185
Payables to clearing house	7.475.053	6.650.338
Trade payables	59.871.561	79.610.282
Due to related parties	9.223.340	5.465.877
Other trade payables	274.724	593.190
	3.974.429.432	3.034.398.259

10. INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES

The details of the Group's associates valued by equity method as of 30 June 2020 and 31 December 2019 are as follows:

	Shareholding interest (%)		Main business line
	30 June 2020	31 December 2019	
Radore	25,50	25,50	Data Services
Mika Tur	20,00	20,00	Travel Agency

Summary financial information of the Group's associate is as follows:

	30 June 2020	31 December 2019
The Group's share in associate's net assets	(16.712.036)	(12.154.393)
Goodwill in equity accounted investees	7.607.415	7.607.415
Intangible assets	14.315.378	14.315.378
Investments in equity accounted investees	5.210.757	9.768.400

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10. INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES (cont'd)

Goodwill in equity accounted investees:		
Associates	30 June 2020	31 December 2019
Radore	7.607.415	7.607.415
Mika Tur	-	-
Total	7.607.415	7.607.415

	1 January-30 June 2020	1 January-30 June 2019
Revenue	115.475.941	364.746.561
Profit/(Loss) for the period	(21.498.017)	(22.437.205)
The Group's share in the profit/(loss) of associates	(4.557.643)	(4.522.957)

Radore:

With the decision of the Board of Directors dated October 2, 2014, the Group participated in the capital increase to be realized by Radore Data Services Inc. (“Radore”) operating in the data center management branch of the information technologies sector, with 8.750.000 TL and 8.750 of the current shareholders. It has been authorized to acquire Radore's 28.50% share and to carry out the related transactions in this declaration by purchasing a share of TL 000 equivalent. In order to become a partner of Radore within the framework of this authorization, İş Girişim will participate in a capital, share transfer and shareholder agreement with Doğuş SK Girişim Sermayesi Yatırım Ortaklığı A.Ş. (“Contract”) and partnership transactions were completed on 1 December 2014. The Group sold 3% of Radore's capital to Mustafa Selçuk Saraç on 29 July 2015.

	30 June 2020	31 December 2019
The Group's share in associate's net assets	(2.219.201)	(1.022.835)
Goodwill in equity accounted investees	7.607.415	7.607.415
Intangible assets	3.027.183	3.027.183
Investments in equity accounted investees	8.415.397	9.611.763

	30 June 2020	31 December 2019
Balance at 1 January	9.611.763	10.277.390
Share of Profit/Loss of Equity Accounted Investees	(1.196.366)	(692.055)
Other	-	26.428
Closing Balance	8.415.397	9.611.763

Mika Tur (Tatil Budur):

The Company shares the shares corresponding to 20% (twenty percent) of the main capital of Tatil Budur, purchased from Ahmet Kara, Beşir Kara, Çetin Yılmaz, Timuçin Kuş, Gencer Öztürk and Derya Bülent Kuş, one of the current shareholders of Tatil Budur. The acquisition price was purchased on 6 November 2015 to be determined depending on the certain share value adjustment mechanisms to be applied under the terms of the contract. The company has a 20% share in Tatil Budur on the value of 11.500.000 TL as of the end of September 2015, based on the actual net financial debt and net working capital levels and correction mechanisms based on the last 12 months total gross profit level as of the end of September 2015. . 10.350.000 TL of the final amount that will occur depending on the specified parameters has been paid to the shareholders in cash on the closing date. On September 22, 2016, the Group made an additional payment of 938,195 TL to Budur Tatil Budur.

	30 June 2020	31 December 2019
The Group's share in associate's net assets	(14.492.835)	(11.131.558)
Intangible assets	11.288.195	11.288.195
Investments in equity accounted investees	(3.204.640)	156.637

	30 June 2020	31 December 2019
Balance at 1 January	156.637	4.319.993
Share of Profit/Loss of Equity Accounted Investees	(3.361.277)	(4.163.356)
Closing Balance	(3.204.640)	156.637

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11. GOODWILL

Each cash-generating unit (“CGU”) to be distributed to the carrying value of goodwill is as follows:

	30 June 2020	31 December 2019
Ortopro	9.206.500	9.206.500
Toksöz	22.354.606	22.354.606
Mikla	26.871.534	26.871.534
Impairment	(19.838.793)	(19.838.793)
	38.593.847	38.593.847

As three separate CGUs, valuations of Ortopro, Toksöz and Mikla were conducted by an independent valuation firm. Income and market approaches have been used for determining the fair values of Ortopro, Toksöz and Mikla. Analysis is made mostly using income approach (discounted cash flow method) method while lower weight is applied for values determined using similar transactions.

5-year business plans prepared by the management have been used. Growth in business of Ortopro, Toksöz and Mikla stems from the opportunities in the industry and new customer acquisitions.

The significant assumptions used in the calculation of the recoverable amount are discount rate and terminal growth rate. These assumptions are as follows:

	Discount Rate	Growth Rate
Ortopro	% 14,8	% 1,9
Toksöz	% 30,3	% 6,8
Mikla	% 32,4	% 6,8

As a result of the impairment test made using the assumptions mentioned above, the Group has not recorded any additional goodwill impairment in the current year.

12. TANGIBLE ASSETS

For the six-month period ended 30 June 2020, acquisition of tangible assets are TL 7.289.000. For the six-month period ended 30 June 2020, disposals of tangible assets are TL 4.174.617. There are no pledges on tangible assets (For the six-month period ended 30 June 2019, acquisition of tangible assets are TL 3.110.081 For the six-month period ended 30 June 2019, disposals of tangible assets are TL 621.080. There are no pledges on tangible assets)

13. INTANGIBLE ASSETS

For the six-month period ended 30 June 2020 acquisition of intangible assets are TL 1.377.021. For the six-month period ended 30 June 2020, disposal of intangible assets are TL 204.340. (For the six-month period ended 30 June 2019, acquisition of intangible assets are TL 2.410.971. For the six-month period ended 30 June 2019, There is no intangible fixed asset outflow.).

14. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short Term Liability Provisions	30 June 2020	31 December 2019
Provisions for legal claims	10.798.926	10.349.297
Provisions for other liabilities	1.597.347	1.417.337
	12.396.273	11.766.634

	1 January-30 June 2020		
	Litigations	Other	Total
Opening balance	10.349.297	1.417.337	11.766.634
Charge for the period	701.923	515.048	1.216.971
Cancelled provisions	(74.032)	(228.538)	(302.570)
Payments	(184.762)	(100.000)	(284.762)
Closing balance	10.792.426	1.603.847	12.396.273

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14. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont’d)

	1 January-31 December 2019		
	Litigations	Other	Total
Opening balance	3.210.724	507.442	3.718.166
Charge for period	7.552.021	1.140.817	8.692.838
Canceled provisions	(107.520)	(230.922)	(338.442)
Payments	(305.928)	-	(305.928)
Closing balance	10.349.297	1.417.337	11.766.634

In relation to the Company’s subsidiary, Toksöz Spor Malzemeleri Ticaret A.Ş., within the case no 2017/372, which was opened in the 3rd Commercial Court of First Instance, a decision of capital reduction dated April 7, 2017, has been taken by the extraordinary general assembly and the decision of capital increase by the extraordinary general assembly has been cancelled. Against the decision Toksöz Spor Malzemeleri Ticaret A.Ş. has been appealed to the Istanbul Regional Court of Justice in the 12th Legal Department.

Details of the nominal amounts of government bonds and treasury bills, equity shares, eurobonds and mutual funds belonging to customers and held for custody purposes are as follows:

	30 June 2020	31 December 2019
Government bonds and treasury bills (customer portfolio)	2.587.689.619	2.216.559.787
Eurobond	1.935.425.631	655.964.726
Equity shares	11.545.084.121	10.295.082.521
Mutual funds - units	31.390.762.025	33.761.111.616

As at 30 June 2020 and 31 December 2019, letters of guarantee and promissory notes given by the Group are as follows:

	30 June 2020	31 December 2019
İstanbul Takas ve Saklama Bankası AŞ	295.000.000	431.500.000
Borsa İstanbul AŞ	135.000	20.135.000
Sermaye Piyasası Kurulu	1.776	1.776
Other	138.568.031	120.517.976
	433.704.807	572.154.752

As of 30 June 2020, letters of guarantee and promissory notes amounting to TL 433.704.807 given by the Group contains USD 13.000.000 equivalent of TL 88.948.600 and GBP 5.000.000 equal to TL 42.141.000(31 December 2019: TL 572.154.752 given by the Group contains USD 13.000.000 equal TL 77.222.600, GBP 5.000.000 equal to TL 38.882.500).

Guarantee/pledge/mortgage (“GPM”) position of the Group as at 30 June 2020 and 31 December 2019 are as follows:

	30 June 2020	31 December 2019
Guarantees/Pledges/Mortgages given by the Company		
A. GPM given on behalf of its own legal entity	302.615.207	452.039.173
GPM	302.615.207	452.039.173
Financial investments	-	-
B.GPM given on behalf of consolidated subsidiaries	131.089.600	116.105.100
GPM	131.089.600	116.105.100
Financial investments	-	-
C. Total amount of GPM given on behalf of other third parties’ debt	-	-
D. Other GPM	-	-
i. Total amount of GPM given on behalf of the Parent	-	-
ii. Total amount of GPM given on behalf of other group companies	-	-
iii. Total amount of GPM given on behalf of third parties not covered in C	-	-
TOTAL	433.704.807	568.144.273

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14. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

As of 30 June 2020, GPM, amounting to TL 131.089.600 given for fully consolidated subsidiaries, contains USD 13.000.000 equal to TL 88.948.600 and GBP 5.000.000 equal to TL 42.141.000 (31 December 2019: GPM, TL 116.105.100 given for fully consolidated subsidiaries, contains USD 13.000.000 equal to TL 77.222.600 and GBP 5.000.000 equal to TL 38.882.500 TL). Proportion of GPM to the Group's equity as at 30 June 2020 is 8,29% (31 December 2019: 41%).

15. COMMITMENTS

Derivative commitments and option agreements of the Group as at 30 June 2020 and 31 December 2019 are as follows:

30 June 2020				
Derivatives instrument description	SHORT POSITION		LONG POSITION	
	Notional Amount	Nominal Value	Nominal Amount	Nominal Value
Foreign currency based				
Option agreements	-	-	8.337.000	63.289.013
Forward and swap agreements	390.708.220	3.549.065.665	389.350.657	3.781.508.359
Futures agreements	17.786	289.984.027	12.860	140.738.445
Index based				
Option agreements	467.000	4.058.000	8.620.500	190.660.700
Futures agreements	11.941.700	209.461.915	3.425.375	211.709.903
Other	-	-	159.000	1.087.909
31 December 2019				
Derivatives instrument description	SHORT POSITION		LONG POSITION	
	Notional Amount	Nominal Value	Nominal Amount	Nominal Value
Foreign currency based				
Option agreements	124.642.254	192.672.431	137.795.144	270.933.381
Forward and swap agreements	529.356.494	4.021.031.723	296.662.702	2.465.181.260
Futures agreements	8.978.541	57.829.940	2.696.000	3.447.365
Index based				
Option agreements	19.300	2.566.600	2.513.300	58.186.800
Futures agreements	1.608.700	105.078.109	288.475	106.391.399
Other	15.500	6.076.825	2.000	784.106

16. EQUITY

a. Capital

The capital structure of the Company as at 30 June 2020 and 31 December 2019 are as follows:

Shareholders	30 June 2020		31 December 2019	
	Share (%)	Amount	Share (%)	Amount
Türkiye İş Bankası AŞ (Group A)	0,05	150.000	0,05	150.000
Türkiye İş Bankası AŞ (Group B)	65,70	233.243.372	67,18	238.503.549
Other (Group B)	34,25	121.606.628	32,77	116.346.451
Total	100,00	355.000.000	100,00	355.000.000

The authorised share capital ceiling of the Company is TL 750.000.000 and paid-in capital of the Company is TL 355.000.000 (31 December 2019: TL 355.000.000 TL).

The capital has been divided into 355.000.000 (Three hundred fifty five million) shares each having a value of TL 1.00 (31 December 2019: 355.000.000). TL 150.000 of the shares is Group A (31 December 2019: 150.000 TL), and TL 354.850.000 is Group B shares (31 December 2019: TL 354.850.000). According to the Articles of Association, additional Group A shares cannot be issued during new capital increases. Six members of the Board of Directors out of nine are elected among the nominees determined by Group A shareholders and three members by Group B shareholders.

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16. EQUITY (cont'd)

b. Revaluation and reclassification gains / losses

	1 January- 30 June 2020	1 January- 31 December 2019
Opening balance	28.479.669	19.040.071
Change in non-controlling interests	473.147	1.108.652
Value increase / (decrease) in financial assets whose fair value difference is reflected in other comprehensive income, net	1.548.203	10.602.046
Defined benefit plans re-measurement gains and losses	1.009.544	(2.271.100)
Closing balance	31.510.563	28.479.669

Revaluation surplus of financial assets:

The valuation of financial assets, fair value differences and other comprehensive income is reflected in the fair value of financial assets. If a financial instrument that is valued at fair value is excluded, the portion of the revaluation fund related to the sold financial asset is recognized directly in profit or loss. If a revalued financial instrument is impaired, the portion of the revaluation fund related to the impaired financial asset is recognized in profit or loss.

c. Foreign Currency Translation Differences

Foreign currency translation differences consist of foreign currency exchange rate differences arising from remeasurement of foreign currency financial statements into Turkish Lira.

d. Restricted Reserves Appropriated From Profit

	30 June 2020	31 December 2019
Legal reserves	140.014.831	104.798.401
Statutory reserves	50.862	50.862
Total	140.065.693	104.849.263

Legal reserves consist of first and second legal reserves, which are separated according to the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profit at the rate of 5% per annum, until the total reserve reaches 20% of the paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash dividend distributions after the first legal reserve and dividends.

e. Prior Year's Profit

The prior year's profit and extraordinary reserves disclosed in prior year's profit in the statement of financial position of the Group as at 30 June 2020 and 31 December 2019 are as follows:

	30 June 2020	31 December 2019
Extraordinary reserves	325.979.808	167.757.367
Prior year's profit	27.909.209	26.099.406
Total	353.889.017	193.856.773

Profit Distribution:

In accordance to with the Capital Markets Board's "Profit Distribution Communiqué" Serial: II No:19.1 distributable profit will determined by the General Assembly in accordance with the dividend policy and provisions of the relevant legislation dispenses with the decision of the General Assembly.

AAAt the Ordinary General Assembly meeting held on March 20, 2020, it was decided to distribute a total of 140.000.000 TL to shareholders in cash, totally from the year 2019 profit. The dividend payment was made on 24 - 26 March 2020.

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16. EQUITY(cont’d)

f. Other Reserves

Other reserves comprised of profit or loss related with the sale of shares while retaining control and increase in share capital (non-reciprocal capital contributions made by a parent or NCI to non-wholly owned subsidiary) after obtained control of a subsidiary which changes its ownership interest in that subsidiary without losing control by buying shares from the non-controlling interest at the beginning of the period. The effects of these transactions on the non-controlling interests in the accompanying consolidated financial statements are allocated to proportionally to non-controlling interest and classified as “non-controlling interests”.

	1 January- 30 June 2020	1 January- 31 December 2019
Opening balance	33.758.962	8.761.518
Change in non-controlling interests	(5.114)	(2.556)
Reserve for purchase of venture capital fund	50.000.000	25.000.000
Closing Balance	83.753.848	33.758.962

g. Changes in non-controlling interest

Shares of net assets of the subsidiaries that are directly or indirectly not under control of the equity holders of the Company are classified as “non-controlling interests” in the statement of financial position.

	1 January- 30 June 2020	1 January- 31 December 2019
Opening balance	286.142.460	279.807.431
Profit / (loss)for the year attributable to non-controlling interest portion	23.562.490	38.101.277
Remeasurement gains of defined benefit plans (including tax effect)	111.714	(235.701)
Revaluation and reclassification gains / losses	434.382	935.518
Foreign currency translation differences	(3.004.902)	(3.323.613)
Changes in non-controlling interest	(1.788.520)	(3.005.530)
Dividends paid	(43.367.722)	(26.136.922)
Closing balance	262.089.902	286.142.460

17. EARNINGS PER SHARE

The weighted average of the parent company's shares for the period ended June 30, 2020 and June 30, 2019 and the earnings per share calculation are as follows:

	1 January- 30 June 2020	1 April – 30 June 2020	1 January- 30 June 2019	1 Nisan – 30 June 2019
Earning per share				
Average number of shares outstanding during the period (full value)	355.000.000	355.000.000	355.000.000	355.000.000
Profit from continuing operations for the period attributable to the Parent	345.558.244	232.403.960	203.188.449	112.835.150
Profit per ordinary and diluted share from continuing operations	0,9734	0,6547	0,5724	0,3178
Profit from discontinued operations for the period attributable to the shareholders of the Parent	-	-	-	-

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18. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS

Capital Risk Management:

In its capital management, while the Group maintains to continue its operations on a going concern basis, it also maximizes its return through the optimization of the debt and equity balance.

The funding structure of the Group consists of debt, which includes the borrowings disclosed in Note 9, equity comprising issued capital, reserves and retained earnings.

The Group's Board of Directors reviews the capital structure on a monthly basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of equity. Based on the recommendations of the Board of Directors, the Group balances its overall capital structure through the payment of dividends, new share issues and investment in shares of associates and subsidiaries as well as issuance of a new debt or the redemption of an existing debt.

The Group continues its general capital risk management strategy since 2007.

Financial Risk Factors:

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the uncertainty of financial markets and seeks to minimize the potential negative effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Risk Management Department, which is independent from steering, under policies approved by the Board of Directors. The Group's Risk Management Department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board sets out written principles for overall risk management, as well as written policies covering specific areas, such as; foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Credit Risk:

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit risk is mitigated by receiving equity shares of listed entities as collateral in accordance with the legal requirements of the CMB against credit lines utilized by customers. The Group's credit risk is predominantly in Turkey, where it operates.

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18. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (cont'd)

Foreign currency risk:

Foreign currency risk is the risk of volatility in the foreign currency denominated monetary assets, monetary liabilities and off-balance sheet liabilities due to changes in currency exchange rates. The breakdown of the Group's foreign currency denominated monetary assets and monetary liabilities as at 30 June 2020 and 31 December 2019 are as follows:

	30 June 2020					
	TL Equivalent (Functional currency)	USD	EURO	GBP	JPY	OTHER
1. Trade receivables	1.120.299.285	150.258.494	11.654.859	78.285	208.055	419.847
2a. Monetary financial assets	478.021.053	48.384.308	18.740.511	4.463	1.028.505	1.447.742
2b. Non-monetary financial assets	-	-	-	-	-	-
3. Other	43.181.220	2.154.803	3.677.000	10.020	-	-
4. Current assets	1.641.501.558	200.797.605	34.072.370	92.768	1.236.560	1.867.589
5. Trade receivables	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-
7. Other	3.482.694	432.012	67.134	-	-	5.000
8. Non-current asset	3.482.694	432.012	67.134	-	-	5.000
9. Total Assets	1.644.984.252	201.229.617	34.139.504	92.768	1.236.560	1.872.589
10. Trade payables	1.034.375.544	140.907.082	8.793.754	78.284	208.055	472.292
11. Financial Liabilities	64.213.115	9.305.780	68.979	-	-	-
12a. Other monetary liabilities	29.578.670	2.098.660	1.445.815	2.047	-	342
12b. Other non-monetary liabilities	3.009.174	426.277	12.000	-	-	-
13. Short Term Liabilities	1.131.176.503	152.737.799	10.320.548	80.331	208.055	472.634
14. Trade payables	-	-	-	-	-	-
15. Financial liabilities	-	-	-	-	-	-
16a. Other monetary liabilities	-	-	-	-	-	-
16b. Other non-monetary liabilities	614.087	89.750	-	-	-	-
17. Long Term Liabilities	614.087	89.750	-	-	-	-
18. Total Liabilities	1.131.790.590	152.827.549	10.320.548	80.331	208.055	472.634
19. Off-balance sheet derivative instruments' net asset / (liability) position (19a - 19b)	(532.440.900)	(32.051.387)	(39.151.021)	(2.326.950)	(6.203.474)	(3.681.115)
19.a The amount of long-position off-balance sheet derivative instruments denominated in foreign currency	5.042.528.000	416.802.637	147.968.138	15.176.669	1.280.145.742	1.092.121.607
19.b. The amount of short-position off-balance sheet derivative instruments denominated in foreign currency	5.574.968.900	448.854.024	187.119.159	17.503.619	1.286.349.216	1.095.802.722
20. Net foreign currency asset / (liability) position	(19.247.238)	16.350.681	(15.332.065)	(2.314.513)	(5.174.969)	(2.281.160)
21. Net foreign currency asset / (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	470.153.009	46.331.280	20.086.822	2.417	1.028.505	1.394.955
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-	-	-
23. Export	4.974.294	702.886	73.554	-	-	-
24. Import	-	-	-	-	-	-

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18. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (cont'd)

Foreign currency risk: (cont'd)

	31 December 2019					
	TL Equivalent (Functional currency)	USD	EURO	GBP	JPY	OTHER
1. Trade receivables	474.813.583	75.467.153	3.925.491	47.047	69.459	8.913
2a. Monetary financial assets	2.064.802.597	65.814.945	251.244.488	129.948	889.061	1.304.029
2b. Non-monetary financial assets	-	-	-	-	-	-
3. Other	30.013.577	940.149	3.672.019	-	-	-
4. Current assets	2.569.629.756	142.222.247	258.841.998	176.995	958.520	1.312.942
5. Trade receivables	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-
7. Other	842.323	79.047	54.836	-	-	5.000
8. Non-current asset	842.323	79.047	54.836	-	-	5.000
9. Total Assets	2.570.472.079	142.301.294	258.896.834	176.995	958.520	1.317.942
10. Trade payables	737.861.465	119.783.650	3.887.153	47.047	69.459	93.711
11. Financial Liabilities	44.282.421	7.139.033	199.353	-	-	-
12a. Other monetary liabilities	4.578.631	434.580	107.508	-	-	54.322
12b. Other non-monetary liabilities	3.105.811	522.846	-	-	-	-
13. Short Term Liabilities	789.828.328	127.880.109	4.194.014	47.047	69.459	148.033
14. Trade payables	-	-	-	-	-	-
15. Financial liabilities	-	-	-	-	-	-
16a. Other monetary liabilities	132.174	22.251	-	-	-	-
16b. Other non-monetary liabilities	1.545.147	260.117	-	-	-	-
17. Long Term Liabilities	1.677.321	282.368	-	-	-	-
18. Total Liabilities	791.505.649	128.162.477	4.194.014	47.047	69.459	148.033
19. Off-balance sheet derivative instruments' net asset / (liability) position (19a - 19b)	(1.876.270.000)	(31.177.906)	(263.353.682)	124.735	(49.271.518)	37.010.188
19.a The amount of long-position off-balance sheet derivative instruments denominated in foreign currency	3.314.946.000	272.801.421	150.377.710	5.030.798	59.752.077	45.133.643
19.b The amount of short-position off-balance sheet derivative instruments denominated in foreign currency	5.191.216.000	303.979.327	413.731.393	4.906.063	109.023.595	8.123.455
20. Net foreign currency asset / (liability) position	(97.303.570)	(17.039.090)	(8.650.863)	254.683	(48.382.457)	38.180.097
21. Net foreign currency asset / (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	1.398.965.932	(45.656.953)	250.975.965	129.948	889.061	1.164.909
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-	-	-
23. Export	10.824.148	1.792.883	106.526	-	-	-
24. Import	123.600	-	20.320	-	-	-

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18. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (cont'd)

Foreign currency risk (cont'd) :

Based on the positions of statements of financial position as at 30 June 2020 and 31 December 2019, if the value of Turkish Lira would increase or decrease by 10% against other hard currencies assuming each other variables remained constant, the Group's net profit or loss would change due to foreign currency gains or losses of financial assets and liabilities denominated in foreign currencies as follows:

30 June 2020				
Type of risk	Risk rate	Direction of risk	Effect on net profit	Effect on equity
Foreign currency risk	%10	Increase	10.298.282	10.298.282
		Decrease	(12.857.253)	(12.857.253)

31 December 2019				
Type of risk	Risk rate	Direction of risk	Effect on net profit	Effect on equity
Foreign currency risk	%10	Increase	26.278.321	26.278.321
		Decrease	(25.713.491)	(25.713.491)

Capital adequacy obligation:

As of 30 June 2020, the minimum equity liability for portfolio management of the Company, within the scope of Communiqué Series V No 34, is TL 28.693.544 for investment consultancy, sale and purchase of securities with the promise to repurchase (repo) or sale (reverse repo) of securities, securities on credit, short selling and transactions of borrowing and lending securities, intermediation for public offering, leveraged brokerage and brokerage of derivative instruments in the Futures and Option Market (31 December 2019: TL 27.453.733).

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19. FINANCIAL INSTRUMENTS

Categories of Financial Instruments:

30 June 2020	Other financial assets measured with effective interest method	Loans and receivables	Financial assets at fair value through other comprehensive income	Financial assets and liabilities at fair value through profit or loss	Other financial liabilities measured with effective interest method	Registered Value	Fair value	Note
Financial assets								
Cash and cash equivalents	267.133.575	-	-	3.546.877	-	270.680.447	270.680.447	6
Trade receivables	-	4.428.504.934	-	-	-	4.428.504.934	4.428.504.934	9
Financial investments	137.514.288	-	56.057.593	1.324.248.927	-	1.517.820.808	1.518.134.515	7
Derivative instruments	-	-	-	56.727.869	-	56.727.869	56.727.869	
Financial liabilities								
Financial liabilities	-	-	-	-	807.195.890	807.195.890	807.195.890	8
Trade payables	-	-	-	-	3.974.429.432	3.974.429.432	3.974.429.432	9
Other financial liabilities	-	-	-	-	-	-	-	
Derivative instruments	-	-	-	164.447.697	-	164.447.697	164.447.697	
31 December 2019								
Financial assets								
Financial assets	1.552.017.615	-	-	8.235.271	-	1.560.252.886	1.560.252.886	7
Cash and cash equivalents	-	3.139.055.148	-	-	-	3.139.055.148	3.139.055.148	11
Trade receivables	1.023.702.367	-	53.327.263	533.855.453	-	1.610.885.083	1.611.311.689	8
Financial liabilities	-	-	-	26.629.080	-	26.629.080	26.629.080	38
Derivative instruments	-	-	-	-	-	-	-	
Financial liabilities								
Financial liabilities	-	-	-	-	2.055.697.018	2.055.697.018	2.055.697.018	9
Trade payables	-	-	-	-	3.034.398.259	3.034.398.259	3.034.398.259	11
Trade payables	-	-	-	14.865.116	-	14.865.116	14.865.116	10
Other financial liabilities	-	-	-	67.435.311	-	67.435.311	67.435.311	38
Derivative instruments	-	-	-	-	-	-	-	

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19. FINANCIAL INSTRUMENTS (cont'd)

Fair Value of Financial Instruments:

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable willing parties in an arm's length transaction.

The estimated fair values of financial instruments have been determined by the Group using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to develop the estimated fair value. Accordingly, the estimates presented herein may not necessarily be indicative of the amounts the Group could realize in a current market exchange.

There is no active market for loans in order to obtain available comparative market price and these instruments are discounted or subject to transaction costs when they are sold or utilized before their maturities. Fair value of these instruments could not be estimated due to the lack of necessary reliable market data. Accordingly, the carrying amount of such instruments is deemed to be a consistent indicator of the fair value.

The following methods and assumptions are used to estimate the fair value of each class of financial instrument for which it is practicable to estimate fair value:

Financial Assets:

Carrying amounts of financial assets measured at amortized cost including cash and cash equivalents and other financial assets approximate their fair values due to their short-term nature and the assumption of immaterial potential losses in exchange of these assets.

Market prices are used in determination of fair values of government bonds, treasury bills and equity shares.

Financial Liabilities:

The carrying amount of monetary liabilities approximates their fair values due to their short-term nature. Variable rate long-term bank loans in recent history have been recently repriced therefore fair value is assumed to approximate their carrying values.

Valuation methods of the financial instruments carried at fair value:

30 June 2020	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit and loss				
Equity shares	602.881.609	-	-	602.881.609
Government bonds and treasury bills	6.771.134	-	-	6.771.134
Private sector bonds	144.435.620	-	-	144.435.620
Mutual funds	127.185.224	-	-	127.185.224
Foreign currency securities	442.975.340	-	-	442.975.340
Income accruals of derivative instruments	-	56.727.869	-	56.727.869
Financial assets at fair value through other comprehensive income (*)	27.860.596	26.640.068	-	54.500.664
Financial liabilities				
Other financial liabilities				
Liabilities of derivative instruments	-	164.447.697	-	164.447.697

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

19. FINANCIAL INSTRUMENTS (cont'd)

Fair Value of Financial Instruments (cont'd):

31 December 2019	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit and loss				
Equity shares	128.396.870	-	-	128.396.870
Government bonds and treasury bills	13.452.198	-	-	13.452.198
Private sector bonds	134.543.881	-	-	134.543.881
Mutual funds	111.068.180	-	-	111.068.180
Foreign currency securities	146.394.324	-	-	146.394.324
Income accruals of derivative instruments	-	26.629.080	-	26.629.080
Available for sale financial assets^(*)				
Subsidiaries	25.130.266	26.640.068	-	51.770.334
Financial liabilities				
Other financial liabilities				
Liabilities of derivative instruments	-	67.435.311	-	67.435.311

The fair value of financial assets and liabilities are determined as follows:

First level: Implies that in determining the fair values of assets and liabilities, active market trading price is used for valuation purposes.

Second level: Implies that in determining the fair values of assets and liabilities, should other market price be observed other than first degree market prices, then observed market price is used for valuation purposes.

Third level: Implies that in determining the fair values of assets and liabilities, data not based on market observation is used for valuation purposes.

20. EVENTS AFTER THE REPORTING PERIOD

None.

21. OTHER ISSUES THAT SIGNIFICANTLY EFFECT THE CONSOLIDATED FINANCIAL STATEMENTS OR OTHER ISSUES REQUIRED FOR THE CLEAR UNDERSTANDING OF CONSOLIDATED FINANCIAL STATEMENTS

None.